



Commission on Catastrophic Wildfire Cost and Recovery Meeting

April 3, 2019, 10:30 a.m.–2:00 p.m., Sonoma County Board of Supervisors Meeting Chambers

Abbreviated historical highlights based on United Policyholders' engagement in the aftermath of Catastrophic Wildfires in CA. 1991 to present. Amy Bach, Co-Founder, Exec. Director. info@uphelp.org

- 1991 Oakland/Berkeley firestorm. Recovery challenges included underinsurance, improper/inconsistent claim handling, GRC/ERC/ACV confusion and frustration, construction cost demand surge pricing, available temporary housing, exclusions for upgrades mandated by building codes, disputes over betterment in the rebuild process.
- Residents in the region experience problems with non renewals, UP and the City of Oakland launch Match-UP, a program to connect homeowners with insurers willing to insure their properties. Program serves its purpose, goes away.
- Legislature enacts residential disclosure (Ins. Code 10102), Fair Claims Settlement Practices. Regulations CCR 2695 et seq. Marketplace changes include disappearance of GRC, ERC becomes the recommended norm. ISO forms continue to prevail.
- Wildfires in 1993, 2003, 2007, 2009 in San Diego and Los Angeles regions. Competitive market continues, Fair Plan grows, CDI continues working to improve California Fair Plan in light of consumer problems related to Fair Plan products.
- Legislature mandates 2 years of ALE and various other disaster insurance consumer protections
- 2016 UP hears from then Assemblyman Obernolte's office: "Rates are going up 600% in the area and Assemblyman Obernolte's own home insurance was dropped." UP steps up monitoring of availability of home insurance, engages w/CDI, urges a statewide data call, conducts our own survey.
<http://www.uphelp.org/sites/default/files/blog/2017hosurveyca.pdf>
- Governor's Tree Mortality Task Force creates an Insurance Subgroup that meets regularly in Sacto. UP participates and advocates for private market solutions, urges insurers invest in mitigation research and provide support to their insureds – "Partner don't punish." UP strongly opposes proposal to segment wildfire risk from standard form home policies. UP intervenes in a rate proceeding to challenge the weight and impact of FireLine scoring etc.
- UP partners with a B Corp to create a new version of the Match-UP program.
<https://www.uphelp.org/insurance-finder>
- 2017 and 2018, Horrendous wildfire destruction in North Bay (Atlas, Tubbs, etc.) SoCal (Lilac, Thomas, Woolsey, Hill etc.) Legislature enacts more disaster insurance consumer protections. Non-standard (ISO) home insurance forms emerging that are problematic. Limits on smoke damage, etc. See attachment.

Policy Endorsements

Important Information About Your Policy

The new Amendatory Endorsement - Limitation of Liability for Wild Fire Smoke, Soot, Char, Ash, Odor Damage - J6965A 1st Edition (J6965A) is now part of your policy. This endorsement modifies your policy. A brief summary of the changes made by this J6965A Amendatory Endorsement as compared to your policy is set forth below. **This is a reduction in coverage.** Please carefully read this notice, this endorsement and your policy to determine how this endorsement changes your policy and the coverage now provided. Please keep this endorsement with your other insurance papers.

Below is a brief summary of the changes made by this endorsement.

- This endorsement adds a Limit of Liability of \$5,000 to your policy. The "Limit" applies to limit what we will pay under the policy for all loss resulting from Wild Fire Damage.
- Under A. Wild Fire Odor, Smoke, Soot, Char and Ash, of this endorsement, we added definitions for Wild Fire and Wild Fire Damage which apply only to Section I -Property coverage. Note that Wild Fire Damage does not include actual burn damage or heat damage to covered property by a wild fire.
- Under B. Limited Coverage of Wild Fire Damage, of this endorsement:
 - The following are subject to the \$5,000 Limit of Liability: sudden and accidental direct physical loss or damage to covered property, Fair Rental Value, Loss of Rents, or Additional Living Expense coverage; Other or Additional Coverage or any Extension of Coverage per the terms of those coverages.
 - The limit of liability also includes the costs and expenses required to clean visible wild fire matter from your property or to neutralize or deodorize a smoke odor from a Wild Fire.
 - The limit of liability does not include any coverage for loss or expenses incurred by you because you were prohibited by a civil authority from use of the residence premises because of a Wild Fire. An example of such prohibited use would be expenses incurred due to a mandatory evacuation.
 - We do not cover or pay to clean Wild Fire smoke, soot, char, ash, debris and other matter which is not visible to the unaided human eye.
 - We do not cover or pay to neutralize or deodorize wild fire smoke odor unless the smoke odor remains on your property for thirty (30) days after the wild fire has been fully contained as announced by the fire agency responsible for suppression of the fire.
 - The Limit of Liability is a total aggregate limit per policy period, applies without regard to the number of buildings, other or separate structures or the amount of personal property insured by your policy, is not additional insurance, and does not increase the coverage limits of any coverage provided in this policy.
 - The policy deductible as set forth in your policy applies to all loss, damage or expense payable under this endorsement.
- Under C. Dispute Resolution of this endorsement, a new dispute resolution is introduced.
 - The Appraisal clause in your policy does not apply to resolve disputes as to the existence of Wild Fire Damage or to determine the types of repairs or remediation needed or to value the costs to repair, replace or remediate Wild Fire Damage.

Since the policy with all of its endorsements (including the one below) is your contract with us, it takes precedence over any other explanatory supplement, including this opening notice. If you have any questions about these changes or other insurance needs please contact your Farmers® agent.



Policy Endorsements (continued)

Limitation of Liability for Wild Fire Smoke, Soot, Char, Ash, Odor Damage (J6965A - 1st Edition)

Limit of Liability: \$5,000

This endorsement adds a Limit of Liability (the "Limit") to your policy. The "Limit" applies to limit what we will pay under the policy for all loss, damage and costs caused by, arising from or incurred as a result of Wild Fire Damage.

A. Wild Fire Odor, Smoke, Soot, Char and Ash.

For purposes of this endorsement, and applying only to Section I - Property coverage:

Wild fire includes but is not limited to brush fires, grass fires and timber fires, or any combination fueled by timber, scrub, brush, grass, or any other type of vegetation. However, structures may also be burned in a wild fire.

Wild Fire Damage means any type of visible to the unaided human eye smoke, soot, char, ash, particles, particulate matter, material or other byproduct or debris (all wild fire matter), or odor that is produced, emitted or released during or directly resulting from or following a wild fire event. Wild Fire Damage does not include actual burn damage or heat damage to covered property by a wild fire.

B. Limited Coverage of Wild Fire Damage.

We will pay up to the above stated "Limit" for all:

1. sudden and accidental direct physical loss or damage to covered property;
2. Fair Rental Value, Loss of Rents, or Additional Living Expense coverage; and
3. Other or Additional Coverage or any Extension of Coverage per the terms of those coverages;

caused by, resulting from, contributed to or consisting of Wild Fire Damage from a wild fire event. The "Limit" also includes the costs and expenses required to clean visible wild fire matter from your property or to neutralize or deodorize a smoke odor from a wild fire. If covered in your policy, the "Limit" does not include and does not limit any coverage for loss or expenses incurred by you because you were prohibited by a civil authority from use of the **residence premises** because of a wild fire.

We do not cover and we do not pay to clean Wild Fire smoke, soot, char, ash, debris and other matter which is not visible. We do not cover and we do not pay to neutralize or deodorize wild fire smoke odor unless a smoke odor remains on your property for thirty (30) days after the wild fire has been fully contained as announced by the fire agency responsible for suppression of the fire.

The "Limit":

1. is a total aggregate limit per policy period;
2. applies without regard to the number of buildings, other or separate structures or the amount of personal property insured by this policy;
3. is not additional insurance; and
4. does not increase the coverage limits of any coverage provided in this policy.

The policy deductible as set forth in your policy applies to all loss, damage or expense payable under this endorsement.

Except as expressly provided otherwise herein, this "Limit" limits what we will pay under all coverages provided under the policy, including by way of example but not limited to coverage for fire or smoke, and including whether the coverage is by way of an express coverage grant or is by way of an exception to an exclusion or uninsured type of damage.

C. Dispute Resolution.